

## CHAPTER 7

### Financing and Payment for Acquisition of Real Property

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NAVFAC Form 7-11011/15 (3-69)

## CHAPTER 7

### FINANCING AND PAYMENT FOR ACQUISITION OF REAL PROPERTY

#### 1. PURPOSE AND SCOPE.

This Chapter provides information as to the method and source of funding for the acquisition of fee title or permanent interests in real property including advance options therefor and prescribes operating procedures for the payment for such acquisitions. It also provides information as to the method and source of funding for Planning Reports for the Acquisition of Real Property.

#### 2. REFERENCES.

- (a) 10 U.S.C. 2662
- (b) Navy Comptroller Manual

#### 3. FUNDING METHOD AND SOURCE.

a. Congressional Action. The Chief of Naval Operations (CNO) prepares and submits to the Congress in justification of appropriation requests, a Congressional Funding List. This list contains the projects to be funded for the fiscal year under consideration. The Congress may make such changes in this list as it deems proper by eliminating items or making reductions. Upon approval by the Congress, a lump sum appropriation is made, usually totaling less than the total amount indicated in Military Construction Bills and the Congressional Funding List. The sum so appropriated plus the unexpended balance remaining from the appropriations available from previous fiscal years, become the total amount available for obligation during the fiscal year under consideration. After such appropriation is made CNO may make any changes in the order of priority of the projects on the Congressional Funding List but no new ones may be added without the approval of the Committees on Appropriations of the Congress.

b. Apportionment. After the Appropriations Act is approved; the Commander, Naval Facilities Engineering Command (NAVFACENGCOM) initiates requests for apportionments of funds for specific projects on the Congressional Funding List. Since the Congressional Funding List contains projects the cost of which totals more than the amount available for obligation during the fiscal year under consideration, request for apportionment of funds must be limited to specific projects whose current priority falls within the total obligation authority. These requests are forwarded for approval by the Office of Management and Budget via the Navy Comptroller and Department of Defense (Comptroller and Properties and Installations). As approved by the Office of Management and Budget they are returned to NAVFACENGCOM via the Department of Defense and the Navy Comptroller. Normally the apportionment procedures require a minimum of about 6 weeks.

4. PROGRAM ASSIGNMENT.

Upon receipt of apportionment approvals for Military Construction (MCON) and Military Construction Reserve Force (MCNRF) projects, funds so apportioned are available to NAVFACENGCOM for assignment to Engineering Field Divisions (EFD's). Program Assignments constitute authority for the EFD to obligate such funds and to take all necessary action to accomplish the purposes for which the funds are assigned. Completion of real property acquisitions for MCON and MCNRF projects will be accomplished within the limits of authority of the EFD and as described in Acquisition Reports submitted to the Armed Services Committees of the Congress pursuant to provisions of reference (a), as amended.

In rare cases it may be advisable to initiate negotiations with the owners of real property prior to the assignment of funds for the project. In these cases, negotiations will not be commenced prior to receipt of specific authorization to do so from NAVFACENGCOM based on a request submitted by the EFD.

5. PAYMENT OF COSTS FOR PLANNING REPORTS.

a. MCON and MCNRF Projects. Expenses for the preparation of Planning Reports for the Acquisition of Real Property and final land data required for MCON and MCNRF projects are chargeable to program assignments issued for planning purposes. These expenses include contract costs for appraisal reports, title evidence and field surveys. In-house or contract costs for the preparation of the report are also chargeable to these funds which are known as "Z Planning Funds".

b. Minor Land Acquisition Projects. Expenses for the preparation of Planning Reports for the Acquisition of Real Property for projects and the final land data required for other than MCON and MCNRF projects including those with an acquisition cost of \$50,000 or less will be charged to allotment of funds made to the EFD by the requesting activity or its Major Claimant. The EFD will provide estimates of costs thereof and submit requests for funds to the activity.

6. OBLIGATION OF FUNDS.

a. Request for Obligation Authority. Prior to commitment of MCON and/or MCNRF funds for Appraisal or Title Evidence contracts, NAVFAC Form 7300/12, Request for Obligation Authority, shall be prepared and submitted to the Financial Division, via the Program Management Division, requesting obligation authority. If the appropriation data is not known, the proposed contract, type of contract and project will be identified on this form. Upon return of this form indicating approval, the appropriation data will be inserted on the contract instrument and the appropriate paying office indicated prior to execution.

b. Obligation. Funds made available to the EFD are obligated by:  
(1) Execution of contracts for title evidence, appraisals, field surveys and other needed data.



(2) In advance optioning, upon execution of an Option to Purchase Real Property and delivery of the check to the optioner.

(3) Full execution of Agreement for Purchase of Real Property (NAVFAC 11011/14).

(4) Delivery of Notice of Exercise of Option (this applies to advance options, options contained in leases and other instruments).

(5) Execution of a Declaration of Taking by the Assistant Secretary of the Navy (Installations and Logistics). Where no Declaration of Taking is used, the letter from the Assistant Secretary of the Navy (Installations and Logistics) to the Attorney General will be considered the obligation document.

7. PAYMENTS FOR ACQUISITION OF REAL PROPERTY.

a. Payment Procedures. The procedures for obtaining checks for use in making payment for real property acquisitions by direct purchase or through condemnation proceedings are as set forth in paragraph 046399 of reference (b). The appropriate portions of reference (b) are quoted hereinafter for convenience as follows:

"046399 PAYMENTS FOR ACQUISITION OF REAL PROPERTY.

1. DEFINITIONS.

As used in this paragraph, the term "real property" means any right, title, or interest in land, buildings, fixed improvements, utilities, and any other permanent additions to land.

2. PAYMENT PROCEDURES.

a. General. Payments will be made in continental United States and in Hawaii by the Navy Regional Finance Center serving the Engineering Field Division (EFD) responsible for the acquisition. Payments for acquisitions outside continental United States and Hawaii will be made by the local disbursing officer serving the EFD. Payments will be made on the basis of a Public Voucher for Purchases and Services Other than Personal (Standard Form 1034) prepared and certified by the officer in command of the EFD and forwarded to the disbursing officer with a Request for Issuance of Check for Property Acquisition (NAVFAC Form 7-11011/15). No billing will be received from the payee. Documentation applicable to the purchases will be furnished to the Navy Regional Finance Center, Washington, DC by the officer in command of the EFD. Further information concerning the different types of acquisitions involved, namely, procurement of options to purchase real property, procurement of real property by condemnation proceedings, procurement of real property by direct purchase, and acquisition of mining claims, is provided in subpars. b through e.

b. Options to Purchase Real Property. Officers in command of the EFDs will obtain checks for the procurement of options to purchase real property by submitting to the disbursing officer a certified Standard Form 1034 with a NAVFAC Form 7-11011/15. The Standard Form 1034 will cite the NOy(R) or NF(R) contract number assigned to the contract document, Option to Purchase Real Property, which will be executed

upon delivery of the check to the payee by the officer in command of the EFD. The disbursing officer will draw a check to the payee indicated on the voucher and will deliver or mail the check to the officer in command of the EFD. Upon execution of the Option to Purchase Real Property and delivery of the check to the payee, the officer in command of the EFD will forward the original contract to the Navy Regional Finance Center, Washington, DC and a conformed copy of the contract to the disbursing officer. The voucher will be processed in the regular manner whether or not the conformed copy of the executed contract is received prior to the end of the accounting period in which payment was made. The NAVFAC Form 7-11011/15 will be retained.

c. Acquisition by Condemnation Proceedings. When acquisition of real property is to be made by condemnation proceedings, the officer in command of the EFD will forward to the disbursing officer a NAVFAC Form 7-11011/15 with a certified Standard Form 1034, the original of which will be supported by a copy of the Navy Department request to the Attorney General to institute condemnation proceedings and a copy of the Declaration of Taking, if a Declaration of Taking is to be filed. The disbursing officer will draw a check payable to the clerk of the United States District Court of the judicial district in which the land is located. The check will be forwarded to the officer in command of the EFD for delivery to the United States Attorney responsible for the conduct of the proceedings. When additional payments are required because of deficiency judgments, checks will be issued on the basis of a Standard Form 1034 certified by the officer in command of the EFD with the checks being delivered to the officer in command of the EFD for transmittal to the United States Attorney. The NAVFAC Form 7-11011/15 will be retained.

d. Acquisition of Real Property by Direct Purchase. When real property is to be acquired by purchase, the officer in command of the EFD will execute the Agreement for Purchase of Real Property (NAVFAC Form 7-11011/14) or Notice of Exercise of Option to Purchase Real Property and make distribution to the disbursing officer. He will obtain, at an appropriate time, the purchase check by submitting a certified Standard Form 1034 to the disbursing officer with a NAVFAC Form 7-11011/15. The check will be delivered to the officer in command of the EFD for use in closing the purchase.

e. Acquisition of Mining Claims. In the case of the purchase of possessory interests in unpatented mining claims, mill sites, or tunnel rights, the Standard Form 1034 and NAVFAC Form 7-11011/15 will be forwarded for issuance of the check. The check will be delivered to the Vendor by the officer in command of the EFD at the time the disclaimer or quitclaim deed is executed. No contract will be executed. The NAVFAC Form 7-11011/15 will be retained by the disbursing officer.

f. Acquisition of Wherry Act Housing. Payment for Wherry Act Housing will be made in accordance with subpara. b, c, or d, as applicable. The Standard Form 1034 will show charge to 17-97X0700, Family Housing Management Account, Defense (Transfer to Navy), the subhead current at time of purchase, budget project 20, and a functional account

in the 48200 series in the amount of the sponsor's equity or mortgagor's corporate stock plus the unpaid principal balances of the outstanding mortgage or debentures. The total purchase price, the unpaid principal balance, the unpaid balance of sponsor's equity, if any, and the net amount due the payee will be shown on the face of the voucher. The difference between the net amount due the payee and the amount shown in the accounting classification section representing the unpaid principal balances of the outstanding mortgage or debentures and any unpaid balance of sponsor's equity will be processed as a voucher deduction in accordance with par. 046352-2 with credit to 17-97X0700, the appropriate subhead, bureau control activity and number, and functional account 98606."

8. AVAILABILITY OF FORMS.

NAVPAC 7-11011/15 (3-69) may be requisitioned from the Naval Publications and Forms Center, Philadelphia, Pennsylvania stock number 0105-LF-002-5615.



UNDER FIS 2.0, SUBMIT TO 20PA

APPENDIX "A"

REQUEST FOR ISSUANCE OF CHECK  
FOR PROPERTY ACQUISITION  
NAYPAC 5-11815/13 D-49  
Superior RAYDOCEI INT  
574 4183-883-8613

FROM: (Agency and address)

DATE

TO

It is requested that a check in the amount shown in Item 1 below and made payable to the party indicated in Item 2 below be drawn for the purposes indicated herein and that said check be delivered to the address given above for further appropriate action.

1. AMOUNT	2. PAYEE (Name only)	3. CHECK TO BE USED FOR (insert account title or NYPE Number or Item of equipment used, as applicable)
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4. AUTHORIZATION FOR ACQUISITION		
4. PUBLIC LAW NO.	5. CONGRESS NO.	6. APPROVED (Date)

7. ADDITIONAL INFORMATION

8. ENCLOSURES ATTACHED HEREIN ARE LISTED

9. NAME AND TITLE		SIGNATURE					
9. ACCOUNTING DATA							
APPROPRIATION SYMBOL AND SUBHEAD	PROJECT CLASS	BUREAU CONTROL OR INC	FY'S ACCT'G. ACTIVITY	TYPE	PROPERTY ACCTS. ACT.	COST CODE	AMOUNT